

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
INQUIRY INTO PROMOTING ECONOMIC DYNAMISM, COMPETITION AND
BUSINESS FORMATION**

QUESTION NUMBER: RA01QON

QUESTION: As a question on notice, would it be possible to get some data on that as to what kinds of things you do and don't outsource? Obviously, you can't provide comparative data with other airlines, but any kind of context on that would be useful....

REFERENCE: Proof Transcript, 23 August 2023, p. 12

ANSWER:

Rex Group's outsourcing philosophy is to outsource only when it is not viable to deliver the service internally and to keep as much work in-house as possible. This philosophy is driven by a desire to maximise efficiency and to have greater control over the service delivery.

Airports

Rex performs its own airport functions, including check-in, ramp services, baggage handling, catering and lounge servicing, at its hub airports, where the bulk of its operations are conducted (Sydney, Melbourne, and Adelaide).

Rex will engage contractors to support airport ground handling at airports with fewer flight frequencies and it is not cost-effective or efficient for it to be done in-house. In this instance a ground handling agent that services multiple airlines over a standard shift period would be engaged.

Rex outsources ground handling for its Boeing 737 operations in Canberra, Hobart, and the Gold Coast, where it has only one flight a day and uses existing ground handling resources. In Perth and Brisbane, Rex uses a mix of in-house and contract ground handling. In total, this accounts for a small proportion of staffing for its operations at metropolitan airports.

Rex outsources all ground handling at regional and remote ports.

There are some benefits to contracted ground handling agents at regional airports, which includes:

- Employment opportunities for local businesses, and
- Regional ground handling contractors often serve multiple regional airlines and/or also operate travel agency services,
 - this enhances their service offering to Rex customers, and
 - Rex also only requires ground handling during aircraft departures and arrivals, therefore ground handling contractors benefit from greater efficiency with their resources when servicing multiple airlines.

The same values apply for Rex's charter and FIFO airlines, Pel-Air Aviation and National Jet Express (NJE). Rex took a stake in NJE in September 2022, and has since moved NJE's Perth Airport ground operations in-house.

Engineering

Rex Group Engineering currently supports over 145 aircraft, with more than 12 different aircraft types.

The Group holds multiple EASA and CASA Regulatory Approvals under Part 145, 147, 42; plus CAR 42 and 30 regulations to conduct all levels of aircraft maintenance.

With hangars located in Adelaide, Wagga Wagga, Perth, and Sydney, the engineering capability of Rex Airlines and National Jet Express includes: heavy maintenance, engine workshop, wheel and brake overhaul, component repair and overhaul, aircraft painting; as well as engineering management and technical support.

Rex solely outsources certain specialised work for its Saab 340 fleet; maintenance and component repair at its flying school AAPAV, located in Ballarat; and line and base maintenance for its Boeing 737 fleet due to the fleet size. This represents 21% of the overall Rex Group engineering requirements.

Rex Group Engineering also conducts heavy/line maintenance for its fixed-wing air ambulance operations, which are operated by subsidiary company Pel-Air Aviation for New South Wales Ambulance (Sydney) and Ambulance Victoria (Essendon).

Members of the Rex Group



Members of the Rex Group

